

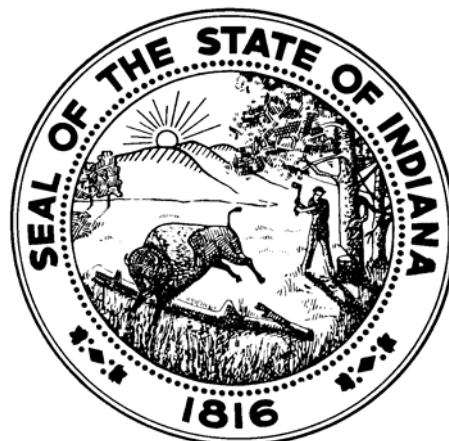
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2006

CITY OF SHELBYVILLE

SHELBY COUNTY, INDIANA



**FILED**  
09/19/2007



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Rodney Meyerholtz	01-01-04 to 12-31-07
Mayor	Scott Ferguson	01-01-04 to 12-31-07
President of the Board of Public Works	Scott Ferguson	01-01-04 to 12-31-07
President of the Common Council	Jeff Sponsel Tamara Sullivan	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Superintendent of Wastewater Utility	Bradley Fix	01-01-06 to 12-31-07
Utility Office Manager	Sharon Bernard	01-01-06 to 12-31-07



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CITY OF SHELBYVILLE, SHELBY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shelbyville (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note I, the financial statements referred to above do not include a number of component units of the City which should have been included to fairly present the financial position of the City.

In our opinion, except that the omission of the component units of the City referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 25, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress and Schedules of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 25, 2007



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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF SHELBYVILLE, SHELBY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shelbyville (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 25, 2007. The opinions to the financial statements were qualified due to omission of component units of the City, which results in incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 25, 2007



CITY OF SHELBYVILLE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,784,867	\$ 1,853,240	\$ -	\$ 212,609	\$ (2,719,018)	\$ -	\$ (2,719,018)
Public safety	8,135,464	10,000	9,042	62,080	(8,054,342)	-	(8,054,342)
Highways and streets	1,255,961	4,031	-	-	(1,251,930)	-	(1,251,930)
Sanitation	2,715,553	-	-	-	(2,715,553)	-	(2,715,553)
Economic development	2,195,012	-	-	-	(2,195,012)	-	(2,195,012)
Culture and recreation	3,526,835	-	-	-	(3,526,835)	-	(3,526,835)
Interest on long-term debt	482,098	-	-	-	(482,098)	-	(482,098)
Total governmental activities	23,095,790	1,867,271	9,042	274,689	(20,944,788)	-	(20,944,788)
Business-type activities:							
Wastewater	3,974,333	3,019,298	-	-	-	(955,035)	(955,035)
Storm Water	2,632,762	903,529	-	-	-	(1,729,233)	(1,729,233)
Total business-type activities	6,607,095	3,922,827	-	-	-	(2,684,268)	(2,684,268)
Total primary government	\$ 29,702,885	\$ 5,790,098	\$ 9,042	\$ 274,689	(20,944,788)	(2,684,268)	(23,629,056)
General receipts:							
Property taxes					7,102,703	-	7,102,703
Other local sources					11,611,043	84,545	11,695,588
Bonds and loans					-	89,732	89,732
Unrestricted investment earnings					-	311,255	311,255
Transfers					288,614	(288,614)	-
Total general receipts and transfers					19,002,360	196,918	19,199,278
Change in net assets					(1,942,428)	(2,487,350)	(4,429,778)
Net assets - beginning					16,297,186	8,568,349	24,865,535
Net assets - ending					\$ 14,354,758	\$ 6,080,999	\$ 20,435,757
Assets							
Cash and investments					\$ 2,455,955	\$ -	\$ 2,455,955
Restricted assets:							
Cash and investments					11,898,803	6,080,999	17,979,802
Total assets					\$ 14,354,758	\$ 6,080,999	\$ 20,435,757
Net Assets							
Restricted for:							
Culture and recreation					\$ 3,059,611	\$ -	\$ 3,059,611
Highways and streets					3,058,473	-	3,058,473
Public safety					60,130	-	60,130
Debt service					333,421	-	333,421
Other purposes					5,387,168	6,080,999	11,468,167
Unrestricted					2,455,955	-	2,455,955
Total net assets					\$ 14,354,758	\$ 6,080,999	\$ 20,435,757

The notes to the financial statements are an integral part of this statement.

CITY OF SHELBYVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	General	EDIT 40% Share	2006 Park Project	Progress Parkway Construction	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 5,083,920	\$ -	\$ -	\$ -	\$ 2,018,783	\$ 7,102,703
Licenses and permits	169,271	-	-	-	-	169,271
Intergovernmental	3,261,072	30,000	-	-	1,676,193	4,967,265
Charges for services	1,483,271	-	-	-	384,000	1,867,271
Fines and forfeits	44,056	-	-	-	17,422	61,478
Other	516,994	992,587	2,561,000	71,407	1,021,637	5,163,625
Total receipts	10,558,584	1,022,587	2,561,000	71,407	5,118,035	19,331,613
Disbursements:						
General government	2,101,706	-	-	-	1,226,259	3,327,965
Public safety	7,309,841	355,000	-	-	470,623	8,135,464
Highways and streets	355,417	-	-	-	730,544	1,085,961
Sanitation	598,331	-	-	-	1,921,016	2,519,347
Culture and recreation	-	35,000	254,729	-	3,092,106	3,381,835
Urban redevelopment and housing	729,215	215,000	-	370,751	883,721	2,198,687
Debt service:						
Principal	-	116,206	-	-	480,596	596,802
Interest	-	29,794	-	-	363,033	392,827
Total disbursements	11,094,510	751,000	254,729	370,751	9,167,898	21,638,888
Excess (deficiency) of receipts over disbursements	(535,926)	271,587	2,306,271	(299,344)	(4,049,863)	(2,307,275)
Other financing sources (uses):						
Transfers in	400,000	-	-	-	190,225	590,225
Transfers out	-	(190,225)	-	-	(111,386)	(301,611)
Total other financing sources (uses)	400,000	(190,225)	-	-	78,839	288,614
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(135,926)	81,362	2,306,271	(299,344)	(3,971,024)	(2,018,661)
Cash and investment fund balance - beginning	2,408,457	2,007,335	-	1,964,912	9,783,513	16,164,217
Cash and investment fund balance - ending	\$ 2,272,531	\$ 2,088,697	\$ 2,306,271	\$ 1,665,568	\$ 5,812,489	14,145,556
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						209,202
Net assets of governmental activities						\$ 14,354,758
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 2,272,531	\$ -	\$ -	\$ -	\$ 183,424	\$ 2,455,955
Restricted assets:						
Cash and investments	-	2,088,697	2,306,271	1,665,568	5,629,065	11,689,601
Total cash and investment assets - December 31	\$ 2,272,531	\$ 2,088,697	\$ 2,306,271	\$ 1,665,568	\$ 5,812,489	\$ 14,145,556
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ 2,306,271	\$ -	\$ 753,340	\$ 3,059,611
Highways and streets	-	-	-	1,665,568	1,392,905	3,058,473
Public safety	-	-	-	-	60,130	60,130
Debt service	-	-	-	-	333,421	333,421
Other purposes	-	2,088,697	-	-	3,089,269	5,177,966
Unrestricted	2,272,531	-	-	-	183,424	2,455,955
Total cash and investment fund balance - December 31	\$ 2,272,531	\$ 2,088,697	\$ 2,306,271	\$ 1,665,568	\$ 5,812,489	\$ 14,145,556

The notes to the financial statements are an integral part of this statement.

CITY OF SHELBYVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	Wastewater Utility	Storm Water Utility	Total	Internal Service Funds
Operating receipts:				
Residential and commercial sales	\$ 2,848,256	\$ -	\$ 2,848,256	\$ -
Pretreatment	86,881	-	86,881	-
Sewer tap fees	83,125	-	83,125	-
Storm Water revenues	-	903,264	903,264	-
Other	31,421	54,426	85,847	1,533,135
Total operating receipts	3,049,683	957,690	4,007,373	1,533,135
Operating disbursements:				
Collection system - operations and maintenance	-	94,925	94,925	-
Treatment and disposal disbursements - operations and maintenance	1,300,996	-	1,300,996	-
Operations and maintenance	-	110,517	110,517	-
Administration and general	96,680	13,581	110,261	-
Salaries and wages	691,046	110,659	801,705	-
Employee pensions and benefits	392,192	37,113	429,305	-
Purchased water	2,127	-	2,127	-
Purchased power	234,072	-	234,072	-
Sludge removal	1,197	-	1,197	-
Chemicals	21,652	-	21,652	-
Material and supplies	7,996	1,003	8,999	-
Contractual services	94,647	1,897,284	1,991,931	-
Rents	10,000	-	10,000	-
Transportation disbursements	15,250	8,663	23,913	-
Insurance disbursements	76,000	1,458	77,458	1,456,354
Payment in lieu of taxes	80,000	-	80,000	-
Miscellaneous disbursements	84,939	-	84,939	-
Total operating disbursements	3,108,794	2,275,203	5,383,997	1,456,354
Excess (deficiency) of operating receipts over operating disbursements	(59,111)	(1,317,513)	(1,376,624)	76,781
Nonoperating receipts (disbursements):				
Bond proceeds	89,731	-	89,731	-
Interest and investment receipts	172,961	172,865	345,826	-
Debt service of principal	(865,538)	(392,131)	(1,257,669)	-
Miscellaneous disbursements	-	-	-	(548)
Total nonoperating disbursements	(602,846)	(219,266)	(822,112)	(548)
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(661,957)	(1,536,779)	(2,198,736)	76,233
Transfers in	111,386	-	111,386	-
Transfers out	(400,000)	-	(400,000)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(950,571)	(1,536,779)	(2,487,350)	76,233
Cash and investment fund balance - beginning	4,455,692	4,112,657	8,568,349	132,969
Cash and investment fund balance - ending	\$ 3,505,121	\$ 2,575,878	\$ 6,080,999	\$ 209,202
<u>Cash and Investment Assets - December 31</u>				
Restricted assets:				
Cash and investments	\$ 3,505,121	\$ 2,575,878	\$ 6,080,999	\$ 209,202
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Other purposes	\$ 3,505,121	\$ 2,575,878	\$ 6,080,999	\$ 209,202

The notes to the financial statements are an integral part of this statement.

CITY OF SHELBYVILLE  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2006

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 641,646	\$ -	\$ -
Plan members	2,664	-	-
State	<u>458,433</u>	<u>-</u>	<u>-</u>
Total contributions	<u>1,102,743</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Interest	<u>7,853</u>	<u>20</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>11,554,927</u>
Total additions	<u>1,110,596</u>	<u>20</u>	<u>11,554,927</u>
Deductions:			
Benefits	927,419	-	-
Administrative and general	11,258	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>10,952,448</u>
Total deductions	<u>938,677</u>	<u>-</u>	<u>10,952,448</u>
Excess of total additions over total deductions	171,919	20	602,479
Cash and investment fund balance - beginning	<u>226,494</u>	<u>27,319</u>	<u>990,440</u>
Cash and investment fund balance - ending	<u>\$ 398,413</u>	<u>\$ 27,339</u>	<u>\$ 1,592,919</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor Town Council form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, public airport, general administrative services, storm water, wastewater, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government:	City of Shelbyville
Blended Component Unit:	Shelbyville Redevelopment Authority
Discretely Presented Component Unit:	Major Hospital
	Shelby County Solid Waste Management District

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The Shelbyville Redevelopment Authority, a blended component unit, Major Hospital and Shelby County Solid Waste Management District, discretely presented component units, have been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the City's component units necessary to fairly present the financial position of the City.

Jointly Governed Organization

The City, in conjunction with Major Hospital and Shelby County, has created an emergency medical service (ambulance). The City operates the service and maintains the accounting records, while the hospital bills and collects revenue. Revenue is shared between Major Hospital, Shelby County and the City of Shelbyville.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The EDIT 40% share fund is where the City puts its distributions of economic development income tax less the amount committed to the County for payment of debt on the criminal justice center.

The 2006 park project fund accounts for all the financial resources related to development and construction of the new park.

The progress parkway construction fund accounts for all financial resources related to development and construction of the progress parkway road project.

The City reports the following major proprietary funds:

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

The storm water utility fund accounts for the operation of the storm water collection system.

Additionally, the City reports the following fund types:

The internal service funds account for health insurance coverage provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the animal shelter.

Agency funds account for assets held by the City as an agent for various payroll deductions and a TIF district and serve as control accounts for certain cash transactions during a time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Storm Water and Wastewater Utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- 3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.



CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the City had the following investments:

Investment Type	Primary Government Market Value
U.S. treasuries and securities	\$ 500
Government sponsored enterprise	<u>1,034,571</u>
Total	<u>\$ 1,035,071</u>

Investment Policies

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

Investment Type	Investment Maturities (in Years)	
	Less Than 1	More Than 2
U.S. treasuries and securities	\$ -	\$ 500
Government sponsored enterprise	1,034,571	-
Totals	<u>\$ 1,034,571</u>	<u>\$ 500</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

Standard and Poor's Rating	Moody's Rating	City's Investments
		Government Sponsored Enterprise
AAA	Aaa	<u>\$ 1,034,571</u>

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, were as follows:

Transfer From	Transfer To	2006
EDIT	Other governmental	\$ 190,225
Other governmental	All others	111,386
All others	General Fund	<u>400,000</u>
Total		<u>\$ 701,611</u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Health Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries to Employees

During 1994, the City joined together with other governmental entities in the Indiana Public Employees Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for 350 member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the City Council on July 19, 2004.

Storm Water Utility

The current rate structure was approved by the City Council on June 16, 2003.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 168,924	\$ 915,200	\$ 700,200
Interest on net pension obligation	(3,749)	206,700	105,800
Adjustment to annual required contribution	<u>4,272</u>	<u>(361,200)</u>	<u>(184,900)</u>
Annual pension cost	169,447	760,700	621,100
Contributions made	<u>165,237</u>	<u>394,256</u>	<u>233,721</u>
Increase in net pension obligation	4,210	366,444	387,379
Net pension obligation, beginning of year	<u>(51,712)</u>	<u>3,062,575</u>	<u>1,567,706</u>
Net pension obligation, end of year	<u>\$ (47,502)</u>	<u>\$ 3,429,019</u>	<u>\$ 1,955,085</u>

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	6.25%	1,093%	1,671%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-06	01-01-05	01-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
	40 years	30 years	30 years
Amortization period			
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

\* 2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 136,063	119%	\$ (27,256)
	06-30-05	142,475	117%	(51,712)
	06-30-06	169,447	116%	(47,502)
1925 Police Officers' Pension Plan	12-31-02	849,500	79%	2,586,485
	12-31-03	782,000	32%	3,062,575
	12-31-04	760,700	52%	3,429,019
1937 Firefighters' Pension Plan	12-31-02	575,700	81%	1,281,994
	12-31-03	638,800	55%	1,567,706
	12-31-04	621,100	38%	1,955,085

CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	23	18
Terminated employees entitled to but not yet receiving benefits	-	-
Current active employees	1	-

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$870,634, \$836,325, and \$627,977, respectively, equal to the required contributions for each year.



CITY OF SHELBYVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Long-Term Commitment – County EDIT Funds for Certified Technology Park

In October of 2003, the County Council passed an ordinance pledging a portion of the County's share of economic development income tax (EDIT) for the purpose of land acquisition, construction and installation of public infrastructure improvements at the Shelbyville/Shelby County Advanced Technological Industrial Park. The City of Shelbyville and Major Hospital (a component unit of the City of Shelbyville) also share administrative and financial responsibility for this project.

The City has pledged \$125,000 each calendar year beginning in 2004 and continuing through 2028 (or such earlier date as all outstanding bonds issued to finance the projects are defeased). A schedule of the payments is as follows:

2007	\$	125,000
2008		125,000
2009		125,000
2010		125,000
2011		125,000
2012-2016		625,000
2017-2021		625,000
2022-2026		625,000
2027-2028		<u>250,000</u>
Total	\$	<u><u>2,750,000</u></u>

CITY OF SHELBYVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 2,221,129	\$ 2,517,572	\$ (296,443)	88%	\$ 2,560,743	(12%)
07-01-05	2,353,342	2,852,797	(499,455)	82%	2,621,882	(19%)
07-01-06	2,736,927	2,950,214	(213,287)	93%	2,759,866	(8%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 227,679	\$ 9,110,500	\$ (8,882,821)	2%	\$ 77,200	(11,506%)
01-01-01	230,407	9,583,100	(9,352,693)	2%	80,200	(11,662%)
01-01-02	411,670	8,886,200	(8,474,530)	5%	83,100	(10,198%)
01-01-03	556,439	6,951,700	(6,395,261)	8%	83,700	(7,641%)
01-01-04	357,858	7,835,100	(7,477,242)	5%	83,700	(8,933%)
01-01-05	302,104	7,152,000	(6,849,896)	4%	83,700	(8,184%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 185,685	\$ 6,144,800	\$ (5,959,115)	3%	\$ 115,800	(5,146%)
01-01-01	225,260	6,079,800	(5,854,540)	4%	40,100	(14,600%)
01-01-02	341,355	5,867,900	(5,526,545)	6%	41,600	(13,285%)
01-01-03	440,302	6,102,300	(5,661,998)	7%	125,600	(4,508%)
01-01-04	402,798	6,047,500	(5,644,702)	7%	41,900	(13,472%)
01-01-05	231,717	5,822,600	(5,590,883)	4%	41,900	(13,343%)

CITY OF SHELBYVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CONTRIBUTIONS FROM THE  
EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan			
	Year	Annual	Percentage of ARC
	Ending	Required	Contributed
		(ARC)	State
1925 Police Officers' Pension Plan	12-31-99	\$ 866,600	28%
	12-31-00	907,000	50%
	12-31-01	983,600	70%
	12-31-02	947,300	71%
	12-31-03	898,700	34%
	12-31-04	915,200	43%
1937 Firefighters' Pension Plan	12-31-99	548,600	28%
	12-31-00	624,900	63%
	12-31-01	622,200	79%
	12-31-02	623,400	75%
	12-31-03	696,700	51%
	12-31-04	700,200	33%

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006

	Motor Vehicle Highway	Local Road and Street	Parks and Recreation	Law Enforcement Continuing Education	Riverboat	Rainy Day	Donation
Receipts:							
Taxes	\$ -	\$ -	\$ 1,028,713	\$ -	\$ -	\$ -	\$ -
Intergovernmental	653,919	75,759	85,789	-	112,962	-	-
Charges for services	4,031	-	5,345	-	-	-	-
Fines and forfeits	-	-	-	14,241	-	-	-
Other	2,784	-	554	-	-	-	36,941
Total receipts	660,734	75,759	1,120,401	14,241	112,962	-	36,941
Disbursements:							
General government	-	-	-	-	-	-	41,729
Public safety	-	-	-	13,877	-	-	-
Highways and streets	618,392	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	1,060,056	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	618,392	-	1,060,056	13,877	-	-	41,729
Excess (deficiency) of receipts over disbursements	42,342	75,759	60,345	364	112,962	-	(4,788)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	42,342	75,759	60,345	364	112,962	-	(4,788)
Cash and investment fund balance - beginning	271,436	21,790	56,334	2,633	113,199	183,424	63,305
Cash and investment fund balance - ending	\$ 313,778	\$ 97,549	\$ 116,679	\$ 2,997	\$ 226,161	\$ 183,424	\$ 58,517
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,424	\$ -
Restricted assets:							
Cash and investments	313,778	97,549	116,679	2,997	226,161	-	58,517
Total cash and investment assets - December 31	\$ 313,778	\$ 97,549	\$ 116,679	\$ 2,997	\$ 226,161	\$ 183,424	\$ 58,517
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ 116,679	\$ -	\$ -	\$ -	\$ -
Highways and streets	313,778	97,549	-	-	-	-	-
Public safety	-	-	-	2,997	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	226,161	-	58,517
Unrestricted	-	-	-	-	-	183,424	-
Total cash and investment fund balance - December 31	\$ 313,778	\$ 97,549	\$ 116,679	\$ 2,997	\$ 226,161	\$ 183,424	\$ 58,517

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Aviation	Nonreverting Park Operating	Industrial Development	Nonreverting Police Training	Economic Development Commission	Nonreverting Animal Shelter	Water and Light
Receipts:							
Taxes	\$ 228,356	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 335,432
Intergovernmental	19,064	-	-	-	-	-	27,901
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	13,704	198,618	-	-	-	25,365	28
Total receipts	261,124	198,618	-	-	-	25,365	363,361
Disbursements:							
General government	240,203	-	-	-	-	-	-
Public safety	-	-	-	-	-	10,821	310,882
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	198,480	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	240,203	198,480	-	-	-	10,821	310,882
Excess (deficiency) of receipts over disbursements	20,921	138	-	-	-	14,544	52,479
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	20,921	138	-	-	-	14,544	52,479
Cash and investment fund balance - beginning	7,282	324,898	129	303	2,539	27,616	45,489
Cash and investment fund balance - ending	\$ 28,203	\$ 325,036	\$ 129	\$ 303	\$ 2,539	\$ 42,160	\$ 97,968
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	28,203	325,036	129	303	2,539	42,160	97,968
Total cash and investment assets - December 31	\$ 28,203	\$ 325,036	\$ 129	\$ 303	\$ 2,539	\$ 42,160	\$ 97,968
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ 325,036	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Public safety	-	-	-	303	-	42,160	-
Debt service	-	-	-	-	-	-	-
Other purposes	28,203	-	129	-	2,539	-	97,968
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 28,203	\$ 325,036	\$ 129	\$ 303	\$ 2,539	\$ 42,160	\$ 97,968

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Nonreverting Nuisance	DARE	Senior Citizens	Barrett Law	Arson Investigation	Nonreverting Aquatic Center	Drunk Driving Enforcement
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	9,042
Charges for services	-	-	-	-	-	144,207	-
Fines and forfeits	-	-	-	-	-	-	-
Other	23,214	17,106	-	-	-	1,541	-
Total receipts	23,214	17,106	-	-	-	145,748	9,042
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	5,409	18,008	-	-	-	-	9,575
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	132,192	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	5,409	18,008	-	-	-	132,192	9,575
Excess (deficiency) of receipts over disbursements	17,805	(902)	-	-	-	13,556	(533)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,805	(902)	-	-	-	13,556	(533)
Cash and investment fund balance - beginning	36,946	6,134	107	4,853	10	251,881	5,713
Cash and investment fund balance - ending	\$ 54,751	\$ 5,232	\$ 107	\$ 4,853	\$ 10	\$ 265,437	\$ 5,180
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	54,751	5,232	107	4,853	10	265,437	5,180
Total cash and investment assets - December 31	\$ 54,751	\$ 5,232	\$ 107	\$ 4,853	\$ 10	\$ 265,437	\$ 5,180
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265,437	\$ -
Highways and streets	-	-	-	-	-	-	-
Public safety	-	5,232	-	-	10	-	5,180
Debt service	-	-	-	-	-	-	-
Other purposes	54,751	-	107	4,853	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 54,751	\$ 5,232	\$ 107	\$ 4,853	\$ 10	\$ 265,437	\$ 5,180

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Nonreverting Plat Review Fee	Nonreverting Sanitary Sewer	Nonreverting MAP	Nonreverting Sister City	Nonreverting Unsafe Building	Nonreverting Build Indiana	IDGF-97-447 Fairland Road
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	15,019	-	-	-	-	-	-
Total receipts	15,019	-	-	-	-	-	-
Disbursements:							
General government	27,843	-	-	-	-	-	-
Public safety	-	-	-	-	36	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	27,843	-	-	-	36	-	-
Excess (deficiency) of receipts over disbursements	(12,824)	-	-	-	(36)	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,824)	-	-	-	(36)	-	-
Cash and investment fund balance - beginning	40,084	5,000	598	4	1,044	405	25,314
Cash and investment fund balance - ending	\$ 27,260	\$ 5,000	\$ 598	\$ 4	\$ 1,008	\$ 405	\$ 25,314
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	27,260	5,000	598	4	1,008	405	25,314
Total cash and investment assets - December 31	\$ 27,260	\$ 5,000	\$ 598	\$ 4	\$ 1,008	\$ 405	\$ 25,314
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	25,314
Public safety	-	-	-	-	1,008	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	27,260	5,000	598	4	-	405	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 27,260	\$ 5,000	\$ 598	\$ 4	\$ 1,008	\$ 405	\$ 25,314

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Fiber Technology	CDBG-LOF #88-016	Drug Free Community	Low Income Housing	Blue River Park BAN	Police Auction	Cumulative Capital Improvement
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	64,130
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	1,429	-	5,500	-	-	400	-
Total receipts	1,429	-	5,500	-	-	400	64,130
Disbursements:							
General government	-	-	-	-	-	-	94,653
Public safety	-	-	2,500	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	84,934	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	84,934	-	2,500	-	-	-	94,653
Excess (deficiency) of receipts over disbursements	(83,505)	-	3,000	-	-	400	(30,523)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(83,505)	-	3,000	-	-	400	(30,523)
Cash and investment fund balance - beginning	133,334	1,526	9	924	2,085	3,667	115,914
Cash and investment fund balance - ending	\$ 49,829	\$ 1,526	\$ 3,009	\$ 924	\$ 2,085	\$ 4,067	\$ 85,391
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	49,829	1,526	3,009	924	2,085	4,067	85,391
Total cash and investment assets - December 31	\$ 49,829	\$ 1,526	\$ 3,009	\$ 924	\$ 2,085	\$ 4,067	\$ 85,391
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Public safety	-	-	3,009	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	49,829	1,526	-	924	2,085	4,067	85,391
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 49,829	\$ 1,526	\$ 3,009	\$ 924	\$ 2,085	\$ 4,067	\$ 85,391



CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Cumulative Capital Development	Capital Ambulance	EDIT Bond Construction	Cumulative Thoroughfare	Police In-Car Computers	Aviation Development	Park Development
Receipts:							
Taxes	\$ 256,841	\$ -	\$ -	\$ 12,137	\$ -	\$ -	\$ -
Intergovernmental	21,360	-	-	695	62,080	212,609	-
Charges for services	-	10,000	-	-	-	164,167	56,250
Fines and forfeits	-	-	-	-	-	-	-
Other	<u>76,966</u>	<u>-</u>	<u>23,130</u>	<u>-</u>	<u>-</u>	<u>48,725</u>	<u>72,675</u>
Total receipts	<u>355,167</u>	<u>10,000</u>	<u>23,130</u>	<u>12,832</u>	<u>62,080</u>	<u>425,501</u>	<u>128,925</u>
Disbursements:							
General government	563,433	-	-	-	-	-	-
Public safety	-	-	-	-	62,082	-	-
Highways and streets	-	-	-	350	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	144,180
Urban redevelopment and housing	-	-	-	-	-	368,131	-
Debt service:							
Principal	-	-	-	170,000	-	85,596	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,695</u>	<u>-</u>	<u>49,061</u>	<u>-</u>
Total disbursements	<u>563,433</u>	<u>-</u>	<u>-</u>	<u>346,045</u>	<u>62,082</u>	<u>502,788</u>	<u>144,180</u>
Excess (deficiency) of receipts over disbursements	<u>(208,266)</u>	<u>10,000</u>	<u>23,130</u>	<u>(333,213)</u>	<u>(2)</u>	<u>(77,287)</u>	<u>(15,255)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(208,266)</u>	<u>10,000</u>	<u>23,130</u>	<u>(333,213)</u>	<u>(2)</u>	<u>(77,287)</u>	<u>(15,255)</u>
Cash and investment fund balance - beginning	<u>561,885</u>	<u>22,146</u>	<u>463,343</u>	<u>975,605</u>	<u>-</u>	<u>525,436</u>	<u>57,626</u>
Cash and investment fund balance - ending	<u>\$ 353,619</u>	<u>\$ 32,146</u>	<u>\$ 486,473</u>	<u>\$ 642,392</u>	<u>\$ (2)</u>	<u>\$ 448,149</u>	<u>\$ 42,371</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	<u>353,619</u>	<u>32,146</u>	<u>486,473</u>	<u>642,392</u>	<u>(2)</u>	<u>448,149</u>	<u>42,371</u>
Total cash and investment assets - December 31	<u>\$ 353,619</u>	<u>\$ 32,146</u>	<u>\$ 486,473</u>	<u>\$ 642,392</u>	<u>\$ (2)</u>	<u>\$ 448,149</u>	<u>\$ 42,371</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,371
Highways and streets	-	-	-	642,392	-	-	-
Public safety	-	-	-	-	(2)	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	<u>353,619</u>	<u>32,146</u>	<u>486,473</u>	<u>-</u>	<u>-</u>	<u>448,149</u>	<u>-</u>
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 353,619</u>	<u>\$ 32,146</u>	<u>\$ 486,473</u>	<u>\$ 642,392</u>	<u>\$ (2)</u>	<u>\$ 448,149</u>	<u>\$ 42,371</u>

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Community Economic Development	Pool Construction	Redevelopment Authority "A"	Redevelopment Authority "B"	River Road Construction	Fire Station Construction	Lee Boulevard Construction
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	<u>76,465</u>	<u>26</u>	<u>49,429</u>	<u>84,751</u>	<u>160,444</u>	<u>23,360</u>	<u>497</u>
Total receipts	<u>76,465</u>	<u>26</u>	<u>49,429</u>	<u>84,751</u>	<u>160,444</u>	<u>23,360</u>	<u>497</u>
Disbursements:							
General government	258,398	-	-	-	-	-	-
Public safety	-	-	-	-	-	37,433	-
Highways and streets	-	-	-	-	-	-	111,802
Sanitation	-	-	-	-	1,920,666	-	-
Culture and recreation	-	350	-	-	-	-	-
Urban redevelopment and housing	-	-	62,241	257,028	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	<u>258,398</u>	<u>350</u>	<u>62,241</u>	<u>257,028</u>	<u>1,920,666</u>	<u>37,433</u>	<u>111,802</u>
Excess (deficiency) of receipts over disbursements	<u>(181,933)</u>	<u>(324)</u>	<u>(12,812)</u>	<u>(172,277)</u>	<u>(1,760,222)</u>	<u>(14,073)</u>	<u>(111,305)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(181,933)</u>	<u>(324)</u>	<u>(12,812)</u>	<u>(172,277)</u>	<u>(1,760,222)</u>	<u>(14,073)</u>	<u>(111,305)</u>
Cash and investment fund balance - beginning	<u>484,427</u>	<u>4,141</u>	<u>153,567</u>	<u>752,564</u>	<u>2,073,932</u>	<u>14,306</u>	<u>111,467</u>
Cash and investment fund balance - ending	<u>\$ 302,494</u>	<u>\$ 3,817</u>	<u>\$ 140,755</u>	<u>\$ 580,287</u>	<u>\$ 313,710</u>	<u>\$ 233</u>	<u>\$ 162</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	<u>302,494</u>	<u>3,817</u>	<u>140,755</u>	<u>580,287</u>	<u>313,710</u>	<u>233</u>	<u>162</u>
Total cash and investment assets - December 31	<u>\$ 302,494</u>	<u>\$ 3,817</u>	<u>\$ 140,755</u>	<u>\$ 580,287</u>	<u>\$ 313,710</u>	<u>\$ 233</u>	<u>\$ 162</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ 3,817	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	313,710	-	162
Public safety	-	-	-	-	-	233	-
Debt service	-	-	-	-	-	-	-
Other purposes	<u>302,494</u>	<u>-</u>	<u>140,755</u>	<u>580,287</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 302,494</u>	<u>\$ 3,817</u>	<u>\$ 140,755</u>	<u>\$ 580,287</u>	<u>\$ 313,710</u>	<u>\$ 233</u>	<u>\$ 162</u>

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Park District Bond	Pool Debt Service	Certified Technology Park	EDIT Bond	EDIT Debt Service Reserve	Totals
Receipts:						
Taxes	\$ -	\$ 157,304	\$ -	\$ -	\$ -	\$ 2,018,783
Intergovernmental	-	13,081	317,802	-	-	1,676,193
Charges for services	-	-	-	-	-	384,000
Fines and forfeits	-	3,181	-	-	-	17,422
Other	<u>51,869</u>	<u>-</u>	<u>-</u>	<u>328</u>	<u>10,769</u>	<u>1,021,637</u>
Total receipts	<u>51,869</u>	<u>173,566</u>	<u>317,802</u>	<u>328</u>	<u>10,769</u>	<u>5,118,035</u>
Disbursements:						
General government	-	-	-	-	-	1,226,259
Public safety	-	-	-	-	-	470,623
Highways and streets	-	-	-	-	-	730,544
Sanitation	-	-	-	350	-	1,921,016
Culture and recreation	1,556,848	-	-	-	-	3,092,106
Urban redevelopment and housing	-	-	111,387	-	-	883,721
Debt service:						
Principal	-	145,000	-	80,000	-	480,596
Interest	<u>-</u>	<u>28,052</u>	<u>-</u>	<u>110,225</u>	<u>-</u>	<u>363,033</u>
Total disbursements	<u>1,556,848</u>	<u>173,052</u>	<u>111,387</u>	<u>190,575</u>	<u>-</u>	<u>9,167,898</u>
Excess (deficiency) of receipts over disbursements	<u>(1,504,979)</u>	<u>514</u>	<u>206,415</u>	<u>(190,247)</u>	<u>10,769</u>	<u>(4,049,863)</u>
Other financing sources (uses):						
Transfers in	-	-	-	190,225	-	190,225
Transfers out	<u>-</u>	<u>-</u>	<u>(111,386)</u>	<u>-</u>	<u>-</u>	<u>(111,386)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(111,386)</u>	<u>190,225</u>	<u>-</u>	<u>78,839</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,504,979)</u>	<u>514</u>	<u>95,029</u>	<u>(22)</u>	<u>10,769</u>	<u>(3,971,024)</u>
Cash and investment fund balance - beginning	<u>1,583,085</u>	<u>22,252</u>	<u>-</u>	<u>6,123</u>	<u>215,679</u>	<u>9,783,513</u>
Cash and investment fund balance - ending	<u>\$ 78,106</u>	<u>\$ 22,766</u>	<u>\$ 95,029</u>	<u>\$ 6,101</u>	<u>\$ 226,448</u>	<u>\$ 5,812,489</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,424
Restricted assets:						
Cash and investments	<u>78,106</u>	<u>22,766</u>	<u>95,029</u>	<u>6,101</u>	<u>226,448</u>	<u>5,629,065</u>
Total cash and investment assets - December 31	<u>\$ 78,106</u>	<u>\$ 22,766</u>	<u>\$ 95,029</u>	<u>\$ 6,101</u>	<u>\$ 226,448</u>	<u>\$ 5,812,489</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 753,340
Highways and streets	-	-	-	-	-	1,392,905
Public safety	-	-	-	-	-	60,130
Debt service	78,106	22,766	-	6,101	226,448	333,421
Other purposes	-	-	95,029	-	-	3,089,269
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,424</u>
Total cash and investment fund balance - December 31	<u>\$ 78,106</u>	<u>\$ 22,766</u>	<u>\$ 95,029</u>	<u>\$ 6,101</u>	<u>\$ 226,448</u>	<u>\$ 5,812,489</u>

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 INTERNAL SERVICE FUNDS  
 As of and for the Year Ended December 31, 2006

	Employee Benefit	Health Insurance	Total
Operating receipts:			
Other	\$ -	\$ 1,533,135	\$ 1,533,135
Operating disbursements:			
Insurance disbursements	-	1,456,354	1,456,354
Excess of receipts over disbursements	-	76,781	76,781
Nonoperating disbursements:			
Miscellaneous disbursements	(548)	-	(548)
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(548)	76,781	76,233
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(548)	76,781	76,233
Cash and investment fund balance - beginning	548	132,421	132,969
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 209,202</u>	<u>\$ 209,202</u>
<u>Cash and Investment Assets - December 31</u>			
Restricted assets:			
Cash and investments	<u>\$ -</u>	<u>\$ 209,202</u>	<u>\$ 209,202</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Other purposes	<u>\$ -</u>	<u>\$ 209,202</u>	<u>\$ 209,202</u>

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2006

	Police Officers' Pension	Firefighters' Pension	Total
Additions:			
Contributions:			
Employer	\$ 368,311	\$ 273,335	\$ 641,646
Plan members	2,664	-	2,664
State	<u>247,271</u>	<u>211,162</u>	<u>458,433</u>
Total contributions	<u>618,246</u>	<u>484,497</u>	<u>1,102,743</u>
Investment receipts:			
Interest	<u>4,400</u>	<u>3,453</u>	<u>7,853</u>
Total additions	<u>622,646</u>	<u>487,950</u>	<u>1,110,596</u>
Deductions:			
Benefits	550,935	376,484	927,419
Administrative and general	<u>3,775</u>	<u>7,483</u>	<u>11,258</u>
Total deductions	<u>554,710</u>	<u>383,967</u>	<u>938,677</u>
Excess of total additions over total deductions	67,936	103,983	171,919
Cash and investment fund balance - beginning	<u>161,336</u>	<u>65,158</u>	<u>226,494</u>
Cash and investment fund balance - ending	<u>\$ 229,272</u>	<u>\$ 169,141</u>	<u>\$ 398,413</u>

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2006

	<u>Animal Shelter Endowment</u>	<u>Annie Kent Trust</u>	<u>Total</u>
Additions:			
Investment earnings:			
Interest	\$ -	\$ 20	\$ 20
Cash and investment fund balance - beginning	<u>26,100</u>	<u>1,219</u>	<u>27,319</u>
Cash and investment fund balance - ending	<u><u>\$ 26,100</u></u>	<u><u>\$ 1,239</u></u>	<u><u>\$ 27,339</u></u>

CITY OF SHELBYVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2006

	<u>PERF</u>	<u>Indiana Police Pension</u>	<u>Indiana Firefighters Pension</u>	<u>TIF - Kroger</u>	<u>TIF - Wal-Mart</u>	<u>Insurance</u>	<u>Payroll</u>	<u>Total</u>
Additions:								
Agency fund additions	<u>\$ 7,799</u>	<u>\$ 115,273</u>	<u>\$ 166,799</u>	<u>\$ 247,186</u>	<u>\$ 348,734</u>	<u>\$ 378,180</u>	<u>\$ 10,290,956</u>	<u>\$ 11,554,927</u>
Deductions:								
Agency fund deductions	<u>7,762</u>	<u>101,252</u>	<u>153,234</u>	<u>71,112</u>	<u>60,352</u>	<u>246,865</u>	<u>10,311,871</u>	<u>10,952,448</u>
Excess (deficiency) of total additions over total deductions	37	14,021	13,565	176,074	288,382	131,315	(20,915)	602,479
Cash and investment fund balance - beginning	<u>1,834</u>	<u>11,203</u>	<u>21,457</u>	<u>470,494</u>	<u>220,872</u>	<u>197,364</u>	<u>67,216</u>	<u>990,440</u>
Cash and investment fund balance - ending	<u><u>\$ 1,871</u></u>	<u><u>\$ 25,224</u></u>	<u><u>\$ 35,022</u></u>	<u><u>\$ 646,568</u></u>	<u><u>\$ 509,254</u></u>	<u><u>\$ 328,679</u></u>	<u><u>\$ 46,301</u></u>	<u><u>\$ 1,592,919</u></u>

CITY OF SHELBYVILLE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 8,812,588
Infrastructure	427,319
Buildings	10,896,574
Improvements other than buildings	7,890,152
Machinery and equipment	5,328,159
Construction in progress	<u>1,950,105</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 35,304,897</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 16,441
Infrastructure	2,399,266
Buildings	12,932,680
Improvements other than buildings	16,653,005
Machinery and equipment	<u>2,112,438</u>
Total Wastewater Utility capital assets	<u>34,113,830</u>
Stormwater Utility:	
Capital assets, not being depreciated:	
Land	53,600
Infrastructure	1,871,599
Improvements other than buildings	2,312,819
Machinery and equipment	<u>119,763</u>
Total Stormwater Utility capital assets	<u>4,357,780</u>
Total business-type activities capital assets	<u>\$ 38,471,611</u>



CITY OF SHELBYVILLE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
2007 Medtec Ambulance	\$ 103,627	\$ 34,542
2005 Pierce Fire Truck	202,337	67,446
Claims and judgments		
Notes and loans payable	1,439,607	144,004
Bonds payable:		
General obligation bonds:		
Fire Station	5,640,000	217,431
Meridian Park Pool	625,000	171,600
Progress Parkway	4,545,000	352,200
Park Bond Phase #1	2,600,000	158,814
Park District	4,520,000	205,660
Revenue bonds:		
Civic Center	495,000	146,000
Northwest Sewer	1,940,000	191,600
Kroger TIF	585,000	70,500
Wal-mart TIF	1,995,000	129,108
Total governmental activities long-term debt	<u>\$ 24,690,571</u>	<u>\$ 1,888,904</u>
Business-type Activities:		
Wastewater Utility		
Capital leases:		
Vactor truck	\$ 29,123	\$ 29,123
Revenue bonds:		
Plant expansion	6,015,000	575,681
River Road	2,219,840	356,066
Total Wastewater Utility	<u>8,263,963</u>	<u>960,870</u>
Stormwater Utility:		
Capital leases:		
Vactor truck and street sweeper	56,533	56,533
Revenue bonds:		
Various projects	3,200,000	267,439
River Road	980,160	157,219
Total Stormwater Utility	<u>4,236,693</u>	<u>481,191</u>
Total business-type activities long-term debt:	<u>\$ 12,500,656</u>	<u>\$ 1,442,061</u>

CITY OF SHELBYVILLE  
AUDIT RESULTS AND COMMENTS

DEPOSITS - SHELBYVILLE POLICE DEPARTMENT AND PARK AND RECREATION DEPARTMENT

In numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

DEPOSITS - SHELBYVILLE ANIMAL SHELTER

As stated in the prior Report B29055, in numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

CONDITION OF RECORDS - PAYROLL WITHHOLDING FUND

As stated in the prior Report B29055, financial records presented for audit were incomplete and not reflective of the activity of the Payroll Withholding Fund. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF SHELBYVILLE, SHELBY COUNTY, INDIANA

### Compliance

We have audited the compliance of the City of Shelbyville (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 25, 2007

CITY OF SHELBYVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2006

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Airport Improvement Program	20.106		
		3-18-0077-15	\$ 5,884
		3-18-0077-16	<u>370,302</u>
Total for program			<u>376,186</u>
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction	20.205		
Right-of-Way Services		STP 9973(021)	<u>102,622</u>
Pass-Through Indiana Criminal Justice Institute			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
		OP-06-02-05-14	9,575
		OP-07-01-01-82	1,800
		J8-06-04-04-02	<u>62,082</u>
Total for program			<u>73,457</u>
Total federal awards expended			<u>\$ 552,265</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF SHELBYVILLE  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Shelbyville (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF SHELBYVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified? no

Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no

Reportable conditions identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



CITY OF SHELBYVILLE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF SHELBYVILLE  
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2007, with Rodney Meyerholtz, Clerk-Treasurer; and Scott Ferguson, Mayor. The officials concurred with our audit findings.